

Message Text

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C O N F I D E N T I A L JAKARTA 1380

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SUBJ: CODEL HARTKE VISIT

REF: A. STATE 3524 B. JAKARTA 1284 C. JAKARTA 1283

1. SUMMARY: SENATOR HARTKE'S JANUARY 26-30 VISIT TO INDONESIA PRODUCED STIMULATING EXCHANGES WITH GOI LEADERS. AMERICAN BUSINESS COMMUNITY AND MISSION STAFF. HE DEPARTED APPARENTLY CONVINCED THAT RECENT JAKARTA RIOTS REFLECT GROWING POPULAR DISSATISFACTION AT GAP BETWEEN RICH AND POOR, THAT TIME IS RUNNING OUT FOR GOVERNMENT AND THAT FOREIGN AID SHOULD BE AIMED AT PRODUCING RAPID SOCIAL AND ECONOMIC PROGRESS CLEARLY VISABLE TO MASSES. IN THIS REGARD HE CRITICIZED USIAD PROGRAM AS TOO LONG-RANGE AND LACKING IN VISABILITY, AND HE WILL PROBABLY RECOMMEND CHANGES IN IT. END SUMMARY.

2. SENATOR HARTKE'S INTEREST WHILE HERE AS GUEST OF GOI PARLIAMENT FOCUSED ON POLITICAL-ECONOMIC MALAISE IN INDONESIA IN LIGHT OF RECENT DISTURBANCES AND ON THAT US POLICY IS DOING TO HELP GOI THROUGH DIFFICULT TIMES AHEAD. DURING CALL ON NEW MINISTER FOR EDUCATION(AND STILL INDONESIAN AMBASSADOR TO US) THAYEB, AND OLD FRIEND FROM WASHINGTON, HARTKE PROFESSED HIMSELF APPALLED AT MAGNITUDE OF TASK FACING THAYEB IN DEALING WITH GROWING STUDENT UNREST AS WELL AS MANIFOLD INADEQUACIES OF EDUCATIONAL SYSTEM(EG, TINY BUDGET FOR SCHOOLHOUSE CONSTRUCTION). AFTER REQUESTING AND GETTING SPECIAL BRIEFING ON USIAD PROGRAMS IN

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EDUCATION AND HOUSING GUARANTEE FIELDS, HE TOLD

EMBOFF HE HAD CONCLUDED THAT "NOT ONE PENNY OF US IAD TO INDONESIA WAS WELL SPENT" AND THAT WE WERE "DISPENSING ASPRINS TO PATIENT WITH PNEUMONIA." HE ADDED THAT USIAD GENERALLY MAINTAINED "TOO LOW PROFILE" IN INDONESIA AND EXPENDED TOO MUCH EFFORT ON STUDIES AND ON PROGRAMS OF DOUBTFUL OR LONG-RANGE IMPACT, WHEN WHAT WAS NEEDED WAS MORE ACTIVE POSTURE AND PROGRAMS OF IMMEDIATE IMPACT AND HIGH VISABILITY, TO HELP GOVERNMENT CREATE ATMOSPHERE OF FORWARD MOVEMENT IN IMPROVING LOT OF MASSES. (PRESSED FOR SPECIFIC EXAMPLE, HE SUGGESTED LARGE SCALE ASSISTANCE IN SCHOOLHOUSE CONSTRUCTION, POSSIBLY CALLING ON RESOURCES OF US MOBILE HOME INDUSTRY). ACCORDING TO STAFF ASSISTANCE FLOWER, SENATOR INTENDS TO WRITE AID ADMINISTRATOR PARKER, URGING THAT USIAD'S INDONESIA PROGRAM BE REDIRECTED ALONG THESE LINES.

3. WITH EXCEPTION OF MINISTER OF MINING SADLI, WHOM HE FOUND PERCEPTIVE, SENATOR SEEMED TO FORM GENERALLY POOR IMPRESSION OF VIGOR OF GOI AND ITS COMPREHENSION OF PROBLEMS FACING IT. OFTEN TO MINISTERS' FACES, HE REPEATEDLY CONTRASTED GOI WITH GOVERNMENT OF IRAN WHICH, HE SAID, IS MOVING BODLY TO MAKE BEST USE OF IRAN'S OIL RESOURCES IN PROMOTING RAPID SOCIAL AND ECONOMIC GAINS. (HE BRUSHED ASIDE REPLY THAT IRAN WITH \$800 PER CAPITA INCOME HAS REACHED HIGHER STAGE OF DEVELOPMENT THAN INDONESIA.) HE WAS APPALED BY EVIDENCE OF CORRUPTION AND GROWING GAP BETWEEN RICH AND POOR-- BOTH FRANKLY ACKNOWLEDGED BY MINISTERS HE MET AS CONTRIBUTING IMPORTANTLY TO RECENT UNREST. DESPITE MEETING WITH PRESIDENT SUHARTO (REF B), HE WAS NOT CONVINCED THAT SUHARTO FULLY COMPREHENDS SIGNIFICANCE OF THESE FACTORS, AND IS APPREHENSIVE THAT SUHARTO WILL RELY TOO MUCH ON REPRESSION IN DEALING WITH PUBLIC DISSATISFACTION, AND DOUBTFUL THAT HE CAN REMAIN IN POWER FOR LONG. SENATOR VOICED THESE FEELINGS OPENLY IN CALL ON MINING MINISTER SADLI, WHO DISSENTED RATHER MILDLY, SAYING HE THOUGHT SUHARTO DID UNDERSTAND IMPORTANCE OF CORRUPTION AND CONSPICUOUS CONSUMPTION ISSUES AND WAS TAKING CORRECTIVE ACTION.

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4. MEETING WITH MINISTER OF COMMUNICATIONS SALIM MAINTAINING SHARP BUT GOOD-HUMORED DEBATE, WITH SALIM MAINTAINING THAT INDONESIA, DESPITE INCREASED OIL REVENUES, STILL NEEDED MUCH FOREIGN AID, BECAUSE SHIPPING AND IMPORT COSTS HAD RISEN AND BALANCE OF PAYMENTS OUTLOOK STILL PROBLEMATIC. BESIDES, SAID SALIM, US AS RICH NATION HAD MORAL OBLIGATION TO HELP

INDONESIA AS POOR NATION. SENATOR HARTKE RETORTED HE COULD NEVER PERSUADE INDIANA VOTERS, WHOSE REAL DISPOSABLE INCOME IS DECLINING AND WHO FACE PROBABLE GASOLINE RATIONING, THAT THEY SHOULD GIVE AWAY THEIR DOLLARS TO OIL-RICH INDONESIA.

5. WHEN ASKED HOW US COULD BE HELPFUL TO INDONESIA, SALIM TOOK QUESTION AS RELATING TO HIS FIELD OF COMMUNICATIONS. HE ANSWERED VAGUELY, OBSERVING THAT GARUDA WAS TOO SMALL TO COMPETE WITH PANAM IN CARRYING US-INDONESIA TOURIST TRAFFIC AND INDONESIA DID NOT BENEFIT MUCH FROM US TOURISM; THAT GARUDA AS "INFANT" LDC AIRLINE NEEDED PROTECTION (UNSPECIFIED) AGAINST "MONSTER" PAN AM AND US SHOULD UNDERSTAND THIS; AND THAT US REQUIREMENT THAT PORTION OF PL 480 COMMODITIES BE CARRIED IN US BOTTOMS WAS DISADVANTAGEOUS TO INDONESIA AND SHOULD BE REMOVED. SENATOR HARTKE EVIDENTLY MISINTERPRETED THESE REMARKS AND LATER QUOTED SALIM TO US BUSINESSMEN AS HAVING SAID THAT THE THREE MOST IMPORTANT THINGS US COULD DO FOR INDONESIA IN ANY FIELD WOULD BE TO "STOP SUBSIDIZING PANAM, STOP SUBSIDIZING US SHIPPING, AND MAKE ALL US TOURISTS TO INDONESIA COME BY GARUDA." SENATOR WAS LEFT WITH IMPRESSION SALIM IS FOXY AND ANTI-AMERICAN.

6. LUNCHEON MEETING WITH US BUSINESS LEADERS WAS CORDIAL. DISCUSSION REVOLVED MAINLY AROUND FIRMS' ACTIVITIES WITH WHICH SENATOR WAS OBVIOUSLY IMPRESSED-- IN EDUCATING AND TRAINING INDONESIANS. HE EXPRESSED HOPE US BUSINESS PRESENCE WOULD CONTINUE, PROSPER AND CONTRIBUTE STILL MORE TO INDONESIA TRAINING AND EDUCATION. HE ADDED THAT NO ONE HE HAD TALKED TO FORESAW ANTI-JAPANESE FEELING

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SPREADING TO US INVESTMENT HERE. MEETING ENDED WITH SENATOR ON DEFENSIVE ON OVERSEAS TAX PROVISIONS OF BURKE-HARTKE BILL.

7. FLOWER TOLD EMBOFF THAT SENATOR DISPLEASED BY NUMBER OF FOREIGN-MADE PRODUCTS-- JAPANESE COFFEE CUPS, CLOCKS, ETC.-- HE HAD SEEN IN VARIOUS US MISSIONS HIS TRIP, AND INTENDED TO WRITE SECRETARY KISSINGER ABOUT THIS. SENATOR ALSO DOES NOT LIKE US MISSIONSTAFF MEMBERS OWNING FOREIGN CARS.

8. SENATOR'S MEETINGS WITH SUHARTO AND MALIK REPORTED REFS B AND C.

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